

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940



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**RECEIVED**  
**APR 27 2006**

**LARGE MINE RECLAMATION CONTRACT**

DIV. OF OIL, GAS & MINING

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **RED DOME, INC.** the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. **M/027/032** which has been received by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the land affected by the mining operations in accordance with the Act and regulations, and the Operator is obligated to provide a surety in form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the Act and regulations, as they may be amended, and in accordance with the mining and reclamation plan (Reclamation Plan) received and approved by the Division all of the lands affected by the mining operations conducted or to be conducted pursuant to the approved Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

- A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and workings; refuse banks or spoil piles; evaporation or settling ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and
  - B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the approved NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with an approved notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the approved NOI.
- 3. The Reclamation Plan is intended to establish methods, plans, specifications, and other details required by the Act and regulations as they pertain to the lands affected by mining operations, and no provision of the Reclamation Plan shall be interpreted to diminish the requirements of the Act and regulations. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI or Reclamation Plan, which are primarily intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
- 4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
- 5. If the Surety expressly provides for cancellation or termination for non-renewal:
  - A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled,

provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or

B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety for the purpose of fully satisfying all of the reclamation obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act, the regulations, and the Reclamation Plan, as they may be amended. If the mining operations are modified or for any other reason vary from those described in the approved Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of discrete sections of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the approved Notice of Intention in accordance with the requirements of the Act and regulations, as amended and the Reclamation Plan, as amended. If the Division makes such finding, Operator may make request to the Division for a reduction in the amount of the surety. The Division, or the Board if the surety is in the form of a board contract, may permit such a reduction if it determines that the reduced amount will be sufficient to fully reclaim the land affected by the mining in accordance with the requirements of the Reclamation Plan, the rules and the Act, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the rules.

9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.
10. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.
12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.

16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party, and that the Operator, if not a natural person, is an entity properly organized and in good standing under the laws of the United States and is registered with and authorized to do business in the State of Utah.

OPERATOR:

RED DOME INC

Operator Name

By GORDON D GRIFFIN

Authorized Officer (Typed or Printed)

DIRECTOR

Authorized Officer - Position

Gordon D Griffin  
Officer's Signature

4-24-06

Date

STATE OF \_\_\_\_\_)

) ss:

COUNTY OF \_\_\_\_\_)

On the 24 day of April, 2006, GORDON D GRIFFIN personally appeared before me, who being by me duly sworn did say that he/~~she~~ is an DIRECTOR (owner, officer, director, partner, agent or other (specify)) of the Operator and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors, or as may otherwise be required to execute the same with full authority and to be bound hereby.

Robin D. Roopdon  
Notary Public  
Residing at 30 Meeting St.  
My Commission Expires:

ROBIN D. ROOPDON  
NOTARY PUBLIC  
CHATHAM COUNTY, GEORGIA  
MY COMMISSION EXPIRES OCTOBER 21ST, 2008

RECEIVED

APR 24 2006

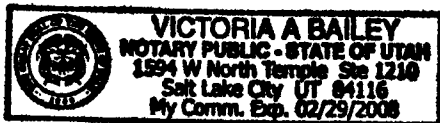
DIV. OF OIL, GAS & MINING

DIVISION OF OIL, GAS AND MINING:

By John R. Baza 4/28/2006  
John R. Baza, Director Date

STATE OF Utah  
COUNTY OF Salt Lake ) ss:

On the 28<sup>th</sup> day of April, 2006, John R. Baza  
personally appeared before me, who being duly sworn did say that he, the said  
John R. Baza is the Director of the Division of Oil, Gas  
and Mining, Department of Natural Resources, State of Utah, and he duly  
acknowledged to me that he executed the foregoing document by authority of  
law on behalf of the State of Utah.



Victoria A. Bailey  
Notary Public  
Residing at: Salt Lake City, UT

February 29, 2008  
My Commission Expires:

ATTACHMENT A

[Surety Agreement]

Commodity: Volcanic Cinders

Mine Name: Red Dome

County: Millard

Acres: 53 acres, per original plan



Operator Name: Red Dome, Inc.  
Operator Address: 730 N 3900 W, Fillmore, Utah 84631  
Operator phone number: 435-313-2572  
Operator Name: Gordon Griffin  
Operator email: [redome@aol.com](mailto:redome@aol.com)


Contact name: Dexter Anderson  
Contact Phone Number: (435) 743-6378

Surety: Letter of Credit  
Surety Amount: \$100,000  
Surety Account number:   
Surety Company: United States Trust Company, N.A.  
Surety Company Phone Number: 617-897-3222  
Surety Company Contact email: [penny\\_weeks@ustrust.com](mailto:penny_weeks@ustrust.com)  
Surety Company Contact: Penny Weeks, Vice President Private Banking

Escalation Year: 2011

UNITED STATES TRUST COMPANY, N.A.  
114 WEST 47<sup>TH</sup> STREET, NEW YORK, NY 10036-1532  
LETTER OF CREDIT

Letter of Credit No. 

Number 

Date: April 11, 2006

UTAH DIVISION OF OIL, GAS AND MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

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APR 18 2006

DIV. OF OIL, GAS & MINING

and

and

BLM Office  
Utah State Office  
P.O. Box 45155  
Salt Lake City, Utah 84145

Division of Oil, Gas and Mining  
1594 West North Temple  
Salt Lake City, Utah 84114




Re: Red Dome, Inc.

Ladies and Gentlemen:

1. United States Trust Company, National Association ("Bank") hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for itself and as agent for the BLM Office, P.O. Box 45155, Salt Lake City, Utah 84145 and Division of Oil, Gas and Mining, 1594 West North Temple, Salt Lake City, Utah 84114 (collectively, the "Beneficiaries") for an aggregate amount not to exceed One Hundred Thousand Dollars in United States dollars (U.S.\$100,000.00) ("Face Amount") effective immediately; on behalf of Red Dome, Inc. ("Operator") for Red Dome Mine mining operation under Mine Permit No. M/027/032.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (New York City time) on April 11, 2007 or (b) the date upon which sufficient documents are executed by the Division to release Operator from further liability for reclamation of the Red Dome Mine, #M/027/032 with notice to Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.

3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless 30 days prior to the expiration date the Bank gives notice to the Division by any courier service or by registered United States mail 'return receipt requested' that the Bank elects NOT to renew the Letter of Credit.

Letter of Credit # 



4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit Number            dated April 11, 2006 delivered to the office of the Bank, United States Trust Company, National Association, 225 Franklin Street, Boston, Massachusetts 02110. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by the original Letter of Credit and a notarized certificate in the form of Exhibit B, signed by a person purporting to be the Division Director or duly appointed signature designee.

5. If the Bank receives the Division's sight draft(s) and notarized certificate(s) accompanied by the original Letter of Credit as provided in Paragraph No. 4 above on or before the expiration date or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business on the seventh Business Day following the Bank's receipt of the sight draft, notarized certificate and the accompanying original Letter of Credit and in such a manner as the Division may specify. "Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

6. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements, which could result in suspension or revocation of the Bank's charter or license to do business.

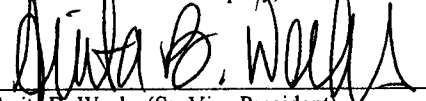
7. Except as otherwise expressly provided herein, this Letter of Credit is subject to the Uniform Customs and Practices for Documentary Credits (1993 revision) International Chamber of Commerce Publication No. 500 and to the extent not inconsistent therewith the laws of the State of New York (other than its choice of law principles), including its Uniform Commercial Code.

8. All communications regarding this Letter of Credit will be addressed to the Bank at: 225 Franklin Street, Boston, MA 02110 attention: Anita B. Weeks, Vice President (617) 897-3222, referencing Letter of Credit No.            dated April 11, 2006.

9. In the event the Bank gives notice to the Division that the expiration date of the Letter of Credit will not be extended, the Division may, until the then-current expiration date of the Letter of Credit, draw under the Letter of Credit against its sight draft(s) in accordance with the provisions of Paragraph 4 to assure or complete reclamation if the Operator does not replace the Letter of Credit within the thirty days of the date of the Bank's notice that it elects not to renew the Letter of Credit.

Very truly yours,

United States Trust Company, National Association

  
Anita B. Weeks (Sr. Vice President)

  
Carolyn Macedo (Sr. Vice President)

Letter of Credit #

**EXHIBIT A - SIGHT DRAFT**

to  
Letter of Credit Number 1 dated April 11, 2006 of United States Trust Company, National Association

\_\_\_\_\_  
Date of Draft                      City, County                      Letter of Credit No.                      Letter of Credit Date

\_\_\_\_\_  
PAY TO THE ORDER OF:                      Utah Division of Oil, Gas and Mining.

\_\_\_\_\_  
(U.S.\$                      )                      UNITED STATES DOLLARS

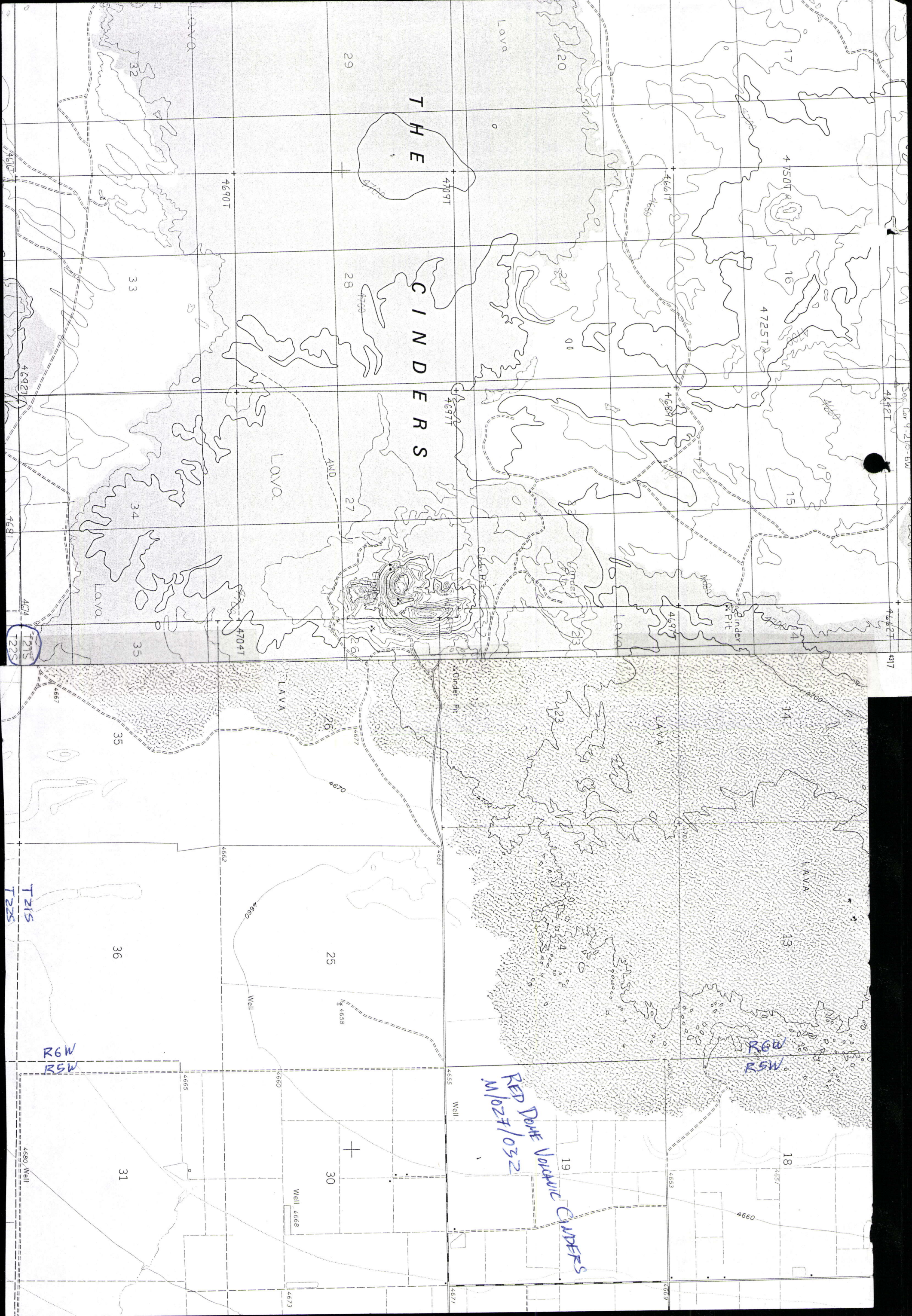
TO: United States Trust Company, National Association  
Anita B. Weeks, Sr. Vice President  
225 Franklin Street  
Boston, MA 02110

Utah Division of Oil, Gas and Mining  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

By: \_\_\_\_\_  
Authorized Signature

to





THE CINDERS

RED DOME Volcanic CINDERS  
M/027/032

R6W  
R5W

R6W  
R5W

T215  
T225

T215  
T225